

# The Daily Star

Monday, August 17, 2020

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A promotional banner for Wave Air Freshener. The background is a bright blue sky with soft clouds. On the right, three spray cans of Wave Air Freshener are shown: a green one, a yellow one, and a black one. The word "Wave" is written in a large, green, cursive font, with "Air Freshener" in a smaller, white, sans-serif font below it. To the left of the cans, there is a white box with the text "CLICK TO ORDER!" in bold, black, sans-serif font. Below this, it says "ORDER ONLINE OR CALL" in a smaller, black, sans-serif font. Underneath that is a white box with a blue telephone icon and the number "09612 220220" in bold, black, sans-serif font. At the bottom left, it says "CLICK TO SEE ALL AVAILABLE PRODUCTS" in a small, black, sans-serif font. In the center, there is a small blue shield-shaped logo with the word "QUASIM" in white, sans-serif font.

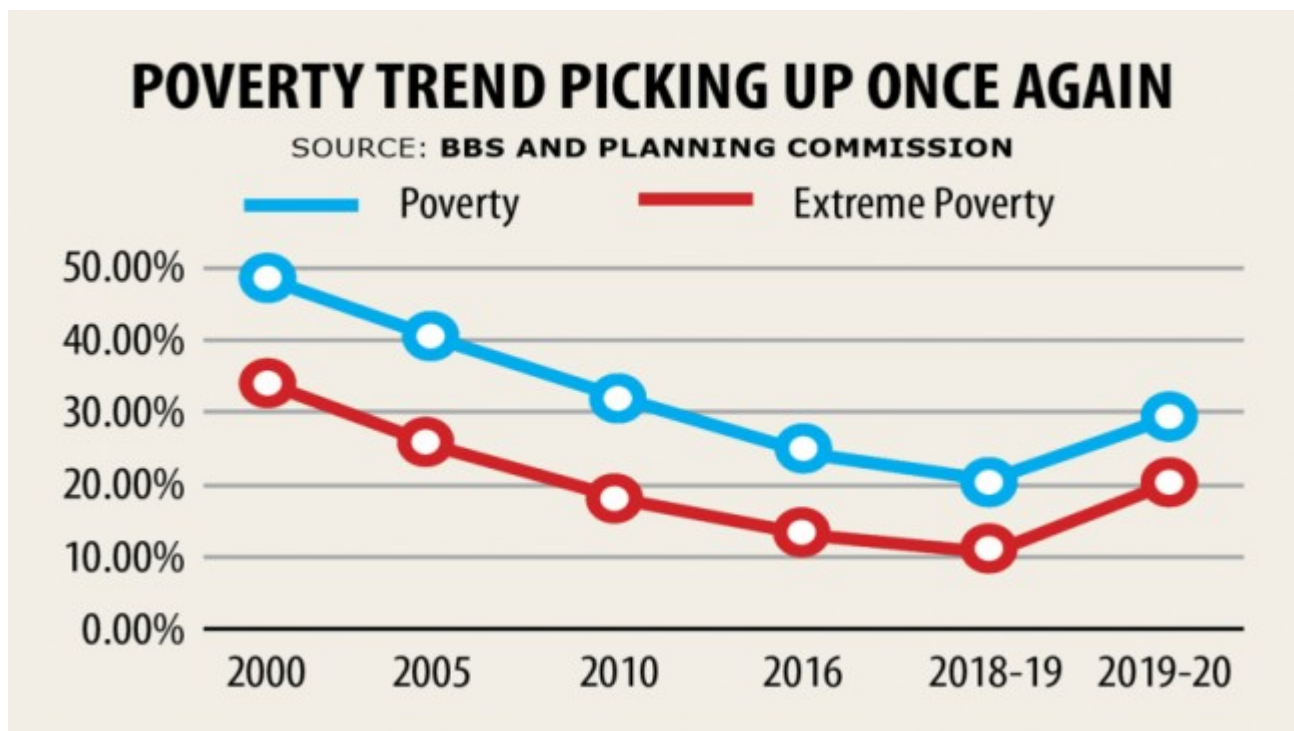
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## Pandemic doubles extreme poverty

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Sohel Parvez

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The recent nationwide closure of all economic activities for two-and-a-half months has doubled extreme poverty in Bangladesh, raising the number of the country's ultra-poor from 10.5 per cent of the population to 20.5 per cent as of June, according to the Planning Commission (PC).

Similarly, the commission, operating under the guidance of the planning ministry, estimated that the incidence of poverty increased from 20.5 per cent to 29.4 per cent as a considerable number of people lost their income due to the coronavirus fallout.

"There were already many poor people in the past and the pandemic has only worsened their situation," said Shamsul Alam, a member of the PC's General Economics Division, yesterday.

The depth of poverty has increased because of income shrinkages as many working in the informal sector lost their jobs, he added.

The PC's estimates were made following forecasts on the ongoing crisis from several independent think-tanks such as the Centre for Policy Dialogue (CPD) and the South Asian Network on Economic Modelling (SANEM).

CPD forecasts showed that the poverty rate would increase to 35 per cent by the end of this year, leading to further inequality.

Meanwhile, SANEM said that the overall poverty in the country would double to 40.9 per cent as a large number of the less impoverished became 'new poor' following the economic downturn brought about by the coronavirus outbreak in Bangladesh in March.

The poverty rate did not go up as much as the research organisations expected because there was a collective effort to ensure that market activities continue, Alam said.

"The markets were not completely closed. That is why the increase in poverty was not as much as had been feared. Thanks to the restrictions on public movement, the economic loss was less than what we thought it would be."

The economy started recovering from July after activities resumed in full swing.

"The pressure of poverty is reducing owing to the increased flow of remittance and the gradual reopening of the economy," Alam said, adding that the return of migrant workers was also considered while making the estimate.

The PC is targeting to bring down the incidence of poverty by nearly half to 15.5 per cent and extreme poverty to 7 per cent by 2025.

However, the pandemic has already slowed the country's completion of its first two Sustainable Development Goals by 2030. The percentage of poor people had declined gradually over the last three decades.

However, the pace of poverty reduction slowed after 2010 even though Bangladesh has recorded more than 6.5 per cent economic growth annually during this period, showed data from the Bangladesh Bureau of Statistics (BBS).

The coronavirus outbreak has thwarted Bangladesh's gains in this regard, almost sending the country back to the 2010 poverty level, when 31.5 per cent of the population was classified as poor.

Although the government has provided support for the poor, many of them remain unfed or half-fed amid the ongoing pandemic, Alam said.

About 40 per cent of the country's poor and 35 per cent of the economically vulnerable were forced to reduce their food consumption following the coronavirus outbreak in March, according to a study by the BRAC Institute for Governance and Development (BIGD) and Power and Participation Research Centre (PPRC) in April this year.

Alam pointed out the increase in the prices of staple foods such as rice after Eid-ul-Azha and recommended that import duties be cut to expedite inward shipments and control

prices.

Importers have to pay more than 60 per cent in taxes to bring rice from abroad.

The prices of both the medium and coarse grains, which is consumed by a majority of the population, has seen an upward trend since the beginning of August, shows data from the Department of Agricultural Marketing.

The rice market is competitive while the current market trends show that the supply situation is tight even though agricultural officials claimed of a bumper harvest this season, Alam said.

"We had to buy onions at Tk 250 per kilogram for the mistakes of the agricultural department. We need to be ready to import to cool down the prices because a large number of poor and low-income people will be the hardest hit by an increase in the price of rice. Due to the political sensitivity of rice, it should not be ignored."

Import should be allowed at least to increase the government's stockpile to 20 lakh tonnes, Alam said, adding that the government should start the import process immediately.

Food stockpiles at public warehouses stood at 12.5 lakh tonne as of 8 August, down 31 per cent from a year earlier, according to data from the food ministry.

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